



# **LCC Schools Finance Handbook**

Section D:

**Safeguarding Assets**

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# SECTION D1: Security of Cash

## D1.1 General

This applies to all employees who handle cash/cheques in the course of their duties and refers to all monies, including that in relation to school funds.

All employees involved in handling cash should be provided with written notes of guidance and instruction regarding their duties. The principles of cash handling controls are, in the main, standard but details will vary slightly with each area of operation. Particular advice should be given on the records/equipment to be used. Money held off site should be avoided wherever possible.

## D1.2 Receipt of Remittances

Where appropriate, i.e. where amounts dealt with are large, or where there are large numbers of remittances, adequate physical protection should be provided for staff. Collection staff and storage facilities for remittances should be physically separated from the public/customer paying in.

Cash and cheques should be immediately recorded on an agreed form of receipting record on receipt showing the date, the value, the identity of the officer receiving the income and payment type (e.g. cash, cheque etc.).

If responsibility for the cash is subsequently passed to another officer, there should be a formal handover process. Staff involved should agree the amount of income being handed over and evidence this action by signing and dating an appropriate record. This formal handover process should also be in place where employees are handling cash / cheques on behalf of a third party.

## D1.3 Receipt of Remittances

The aim should be to hold the minimum amount possible. The maximum amount differs for schools depending on the level of insurance cover. Income should remain unbanked only for the shortest length of time operationally possible. The banking of income should occur on a regular basis and all income should be banked in full.

It is important to note that, while insurance policies may refer to amounts covered in different types of safes, this must not be used to justify holding more cash/cheques than the minimum mentioned above. In insurance terms “risk management” is an important aspect. In practice this refers to effective action taken to avoid or reduce risk to a minimum. This minimum holding of cash/cheques should always be kept secure. This will mostly require a

safe. Where amounts of cash held are minimal, however, some other form of secure depository (lockable cabinet, cupboard, drawer etc) may suffice.

Whatever type of storage is used, access to income held must be restricted to a minimum. Wherever operationally possible, this should mean only one or two members of staff holding keys. Keys should remain with the key holders and should not be left on site overnight.

## **D1.4 Movement of Cash to Bank**

There are not many occasions when very large amounts of cash have to be transported. If such circumstances do arise, specific advice should be sought from the Executive Director of Resources. For bankings in the normal course of duties, a vehicle should be used whenever appropriate or possible. Criteria to be taken into account will be distance, parking facilities, amount and weight of cash. Whenever possible, times and routes should be varied. If cash is required to be banked outside normal banking hours a night safe or other arrangement should be made to ensure that the money can be securely deposited.

Under no circumstances should employees risk personal injury to try and prevent the loss of school monies.

## **D1.5 Supervision**

Line management supervision and monitoring should always be applied to ensure that cash handling control procedures are adopted and adhered to. This should include independent checks on petty cash holdings, records and reconciliations. In periods of staff absence there should be a documented handover of responsibility for cash between staff.

## **D1.6 Key Holding**

Designated staff will be key holders for the school, in accordance with the insurance policy. Provision for staff absence should be made. Guidance can be obtained from the Executive Director of Resources.

# SECTION D2: Inventories and Asset Registers

## D2.1 General

The main purposes of inventories or asset registers are to provide:

- a) a record to assist management's control of its valuable or vulnerable property.
- b) a basis on which to assess losses in an insurance situation.
- c) an historical record of items purchased and disposed of.

## D2.2 Requirements

All schools must maintain an inventory or asset register which contains details of significant equipment, moveable property and items of a capital nature. Such records can be computerised for updating. A general guideline for inclusion is items of vehicles and equipment with a value greater than or equal to £250, although items below this limit which may be attractive to potential thieves (including all electrical equipment) should also be included.

Procedures should be in place to ensure that items are added to the inventory or register when received. Registers or inventories should be checked at least annually and whenever the officer ceases to be in charge of the inventory. Checks should be signed and dated when complete.

The inventory should include and identify as such, items directly leased or rented locally e.g. photocopiers. A record should be kept identifying whether the company or the school is insuring the item.

The following information should be recorded in the inventory or register:

- a) Description of asset including make, model and serial number
- b) Date of acquisition
- c) Purchase price
- d) Location of asset
- e) Source of funding (as this may affect disposal procedures or insurance recovery)
- f) Details of disposal or write off
- g) Date of last physical check and signature

#### h) Asset valuations and depreciation records

Items financed by other persons/bodies e.g. School Funds, Parent Teacher Associations, but purchased by the County Council should be included in the inventory. NOTE: For VAT purposes, these items have to be identified as belonging to the County Council rather than the financing body. If items have been purchased directly by other bodies, they too should be recorded, along with details identifying ownership.

### **D2.3 Security marking**

Items that can be security marked should be marked immediately on receipt. This is usually done by either attaching security labels or marking with volumatic pen. If in doubt, specialist advice should be sought. Schools should also consider the use of security marking for items not required to be included on the inventory. Schools should also have regard to the physical security and management of assets.

Items of school property should not be removed from school premises without appropriate authority and a record of any loan should be recorded by the school and the record updated when the asset is returned. The position relating to insurance should be clarified and explained to the staff or third parties concerned before any assets are taken off school premises. If assets are loaned for extended periods or to a single member of staff on a regular basis, the situation may give rise to a “benefit-in-kind” and have tax implications.

# SECTION D3: Disposal of Assets

## D3.1 General

Assets which are to be disposed of by sale or which are to be destroyed must be appropriately authorised for disposal and, where significant, should be sold through competitive tender.

## D3.2 Land and Buildings

Where land and buildings are under the ownership of the County Council then all sales or other disposals shall be managed by the Council's Executive Director of Resources.

Where land and buildings are not under the ownership of the County Council then the governing body, where appropriate, shall be responsible for the sale or disposal of assets. In such circumstances, the governing body shall have regard to:

- a) Any prior consent required by the Secretary of State. Where the premises were previously the property of the former maintaining authority then the Secretary of State may direct the land or buildings should be returned to the LA for such consideration as he/she may deem appropriate, or that all or part of the proceeds should be paid to the LA. In this context the school shall notify the Council's Executive Director of Resources of any proposed sale or disposal
- b) Third party interests (including the DfE) where grants or contributions have been made towards the cost of the land or building and where repayment of whole or part of the grants may be required.
- c) The sale price reflecting current market value.

Consent is not required when trustees of a former voluntary school dispose of land owned by the trustees.

## D3.3 Other Assets

In selling or disposing of other assets schools should have due regard to:

- a) Ownership. Care should be taken to establish ownership and in particular that the asset is not externally leased or rented from another school/body. Reference to inventories, asset registers and identification labels will be helpful in this respect. Where equipment is leased via the County Council advice on ownership can be provided by the Executive Director of Resources.

- b) Where capital grants or contributions have been provided by the DfE, the County Council or third parties. Conditions associated with the grant/contribution may require all or some of the grant/contribution to be repaid
- c) Asset Value. Schools should seek to maximise disposal proceeds although it is recognised that some assets may have minimal or no residual value. Judgement will be required when assessing value of assets and specialist advice should be sought if necessary. The estimated value of an asset will influence the method of disposal and schools should also give consideration whether the equipment could be used by other schools or by the County Council. The following guidelines on methods of disposal should be considered:
- Up to £20,000: Headteacher and Governing Body jointly, as detailed in school's financial policy. Schools should consider appropriate methods including invitation to competitive tender/quote, public auction, and general advertising for sale. In such circumstances schools should have due regard to maximisation of receipts; external competition where practical and cost effective; use of trade facilities where appropriate and openness and accountability.
  - £20,001 - £100,000: Section 151 Officer and Chief Officer
  - Above £100,000: Executive Councillor for Children's Services

Where schools are considering selling assets to members of staff, governors, associated bodies or an officer of the Council, then:

- Such disposals should be considered where it is very unlikely that there is a better market for the item through wider disposal options
- These items should generally be limited to items of a low value, generally less than £100
- Where items are of a value of over £500, then these disposals should be dealt with in an open and accountable manner and should be approved by the governing body. Wherever practicable offers should be invited from wide groups of staff rather than a single member of staff and a full written account kept of the transaction.
- It is essential that invitation to purchase is not restricted to an individual, that the process for receiving bids is fair and equitable, for example sealed bids by a certain date and that records are maintained of the arrangements that were in place and the outcome

Certain sale assets may have been capital items at the point of purchase and may have been financed accordingly. In such cases, the proceeds may represent a capital receipt and advice as to the application of monies received should be sought from Lincolnshire County Council Financial Strategy – Capital & Corporate Team. In general, equipment with an original purchase price of less than £10,000 were not treated as capital items and sale proceeds will not be treated as capital receipts. In all cases, written records should be maintained in relation to the disposal of assets.



# SECTION D4: Insurances

## D4.1 Introduction

Schools are responsible, for procuring insurance cover in respect of the activities and assets under their control.

The LA has a responsibility to ensure that insurance cover arranged by a school will be relevant to the LA's needs and is at least as good as that minimum level of cover available to schools from the LA, such cover being arranged by the Executive Director of Resources of the County Council.

Schools are free to acquire the necessary insurance cover either directly from the Executive Director of Resources (Insurance Section) or from the open market. Schools who elect to "buy back" the service provided by the Executive Director of Resources will automatically be acquiring cover which meets the LA minimum requirement as outlined later in this note.

The rest of this Section describes the type and level of insurance cover required and is particularly relevant to schools who wish to test the open market.

This note does not comment upon the approach to be taken by schools in seeking to test the market but clearly normal rules and conventions with regard to the procurement of goods and services (e.g. Contract Regulations) will apply. The insurance market is often best approached by engaging the services of a broker to advise on the technicalities of the process and to seek appropriate quotations. Schools are advised to engage such assistance should they wish to test the market.

## D4.2 Service Requirements

Sums delegated to schools are deemed to cover three related but nonetheless distinct services. These are as follows:

- The provision of insurance cover and associated advice.
- The provision of risk management advice and finance.
- A claims handling service.

The basic requirements in respect of each of these areas are outlined in turn below.

## D4.3 Insurance Cover

It is mandatory for each school to have insurance arrangements in place to cover the following:

- General Property Insurance
- Employers and Public Liabilities
- Engineering Inspections
- Money Insurance
- Fidelity Guarantee
- Personal Accident

Further information on the minimum scope of cover required for each of the above is outlined below. However, in all cases schools should ensure that any excess levels (i.e. that element of a claim paid for by the insured) associated with a particular policy can be funded from their delegated budget share. In reality, excesses in the range £100-£1,000 would be acceptable.

### **General Property Insurance**

Property to be insured: all buildings and contents

Perils to be insured:

- a) Fire
- b) Lightning
- c) Explosion
- d) Aircraft Impact
- e) Storm
- f) Flood

### **Employers and Public Liabilities**

Cover should be provided in respect of the legal liability attaching to the school for both injury to its employees and to members of the public and for damage or loss to their property. Cover should include school governors in discharge of their duties and authorised volunteers.

A minimum indemnity limit of £25 million is required.

### **Engineering Inspections**

Cover should be arranged to provide for specialist surveyors to undertake statutory inspections of the following types of equipment, as required by legislation.

- a) Boilers and Pressure Vessels
- b) Lifting Plant and Cranes
- c) Transformers and Electrical Installations
- d) Fume Cupboards and Local Exhaust Ventilation Systems

## **Money Insurance**

Cover should be provided for the theft of money as follows:

a) Money in the Insured's Premises (maximum loss covered)

- i. In locked wall safes
- ii. In all other safes or locked strong rooms
- iii. In locked receptacles (e.g. filing cabinets, cash tins)

b) Money in the private residence of an authorised employee

In addition, cover should provide for the repair or replacement of any safe that is damaged or stolen as a result of theft of money.

## **Fidelity Guarantee**

Cover should be arranged for loss of school monies or similar property (e.g. cheques, stamps, postal orders etc) belonging to the school or for which the school is responsible, occurring as a direct result of any act of fraud or dishonesty committed by an employee.

## **Personal Accident**

Cover should be arranged for teachers and volunteers engaged on out of school activities (i.e. voluntary organisation or supervision of games, sporting activities, dramatic productions etc which are complementary to, but not part of, the duties under a contract of service with the insured).

## **D4.4 Risk Management**

Advice should be available either from the insurance provider(s) involved or a broker on risk identification, quantification and avoidance measures. This should include periodic (i.e. triennial) full risk assessments of the school and its activities.

## **D4.5 Claims Handling**

Arrangements must be in place through the relevant broker, insurance company or specialist claims handling organisation to investigate and process all claims arising including those requiring litigation. Fees paid should cover the costs of litigation and of any other specialist professional advice.